

**Illinois Department of Revenue
Regulations**

Title 86 Part 130 Section 130.410 Cost of Doing Business Not Deductible
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**TITLE 86: REVENUE
PART 130
RETAILERS' OCCUPATION TAX**

Section 130.410 Cost of Doing Business Not Deductible

In computing Retailers' Occupation Tax liability, no deductions shall be made by a taxpayer from gross receipts or selling prices on account of the cost of property sold, the cost of materials used, labor or service costs, idle time charges, incoming freight or transportation costs, overhead costs, processing charges, clerk hire or salemen's commissions, interest paid by the seller, or any other expenses whatsoever. Costs of doing business are an element of the retailer's gross receipts subject to tax even if separately stated on the bill to the customer.

- a) For example, a retailer may choose to accept payment from a customer through the use of a credit or debit card, and the retailer may not receive the full amount of payment due to the service charges or fees charged by the credit or debit card company. These charges or fees are part of the retailer's cost of doing business and are not deductible from the gross receipts subject to tax.
- b) To determine whether outgoing shipping and handling charges are deductible from gross receipts that are subject to tax, see Section 130.415 of this Part.
- c) Handling charges represent a retailer's cost of doing business, and are not deductible from the gross charges subject to tax. However, such charges are often stated in combination with shipping charges. In this case, charges designated as "shipping and handling" as well as delivery or transportation charges in general, are not taxable if it can be shown that they are both separately contracted for and that such charges are actually reflective of the costs of shipping. To the extent that shipping and handling charges exceed the costs of shipping, the charges are subject to tax. (See Section 130.415 of this Part.)

(Source: Amended at 24 Ill. Reg. 15104, effective October 2, 2000)